

Message Text

LIMITED OFFICIAL USE

PAGE 01 HONG K 12327 170530Z

12

ACTION EA-09

INFO OCT-01 ISO-00 EB-07 COME-00 TRSE-00 CIAE-00 DODE-00

PM-04 H-02 INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01

SP-02 SS-15 USIA-06 SAJ-01 SAM-01 OMB-01 /066 W

----- 011525

R 170340Z OCT 75

FM AMCONSUL HONG KONG

TO SECSTATE WASHDC 7540

INFO USLO PEKING

LIMITED OFFICIAL USE HONG KONG 12327

E.O. 11652: N/A

TAGS: ECON ECRE CH

SUBJ: TEMPO OF CAPITAL CONSTRUCTION CREATES STRAIN

1. WE ARE REPORTING THE SEPTEMBER RED FLAG ARTICLE DESCRIBED BELOW AS AN INDICATION OF THE INTENSE PACE OF CAPITAL CONSTRUCTION EFFORTS IN THE PRC DURING THE CLOSING MONTHS OF THE FOURTH FIVE YEAR PLAN, OF THE STRAIN IT HAS EXACERBATED BETWEEN IDEOLOGY AND EXPEDIENCY, AND OF THE LEADERSHIP'S ATTEMPT TO COPE WITH THE PROBLEM PRAGMATICALLY, YET WITHIN A SOCIALIST FRAMEWORK.

2. THE ARTICLE, ENTITLED, "STRIVE FOR BETTER RESULTS IN CAPITAL CONSTRUCTION", SEEMS INTENDED TO MODERATE EXCESSES AT EITHER END OF THE IDEOLOGICAL SCALE. IT DIRECTS CRITICISM AGAINST CADRES AND MANAGERS WHO FEEL COMPELLED TO GO OUTSIDE IDEOLOGICAL NORMS IN DEPENDING ON "PRIVATE CONTRACTS " TO MEET CONSTRUCTION TARGETS AND AGAINST OVERZEALOUS LOCAL LEADERS WHO TEND TO SPREAD THEIR RESOURCES TOO THINLY OVER A WIDE NUMBER OF PROJECTS.

3. BOTH PROBLEMS UNDOUBTEDLY REFLECT AN INCREASED TEMPO OF CAPITAL CONSTRUCTION TO MEET AND EXCEED THE FINAL TARGET OF THE FOURTH FIVE YEAR PLAN. THE SOLUTION--

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 HONG K 12327 170530Z

CONCENTRATING MANPOWER AND RESOURCES IN "BATTLES OF

ANNIHILATION", WHICH IS A CODE PHRASE FOR FOCUSING ON KEY PROJECTS THAT CAN BE FINISHED QUICKLY --- FURTHER UNDERLINES THE MOOD OF URGENCY.
BY NARROWING THE SCOPE OF CONSTRUCTION TO KEY PROJECTS, IT IS ALSO HOPED TO WEAKEN THE TENDENCY TO "GRAB" LOCAL BUILDING MATERIALS AND CONSTRUCTION FORCES "RECKLESSLY".
THOUGH THIS MAY PROVE UNREALISTIC AS DEADLINES DRAW NEAR.

4. COMPLIMENTING THE EMPHASIS ON KEY PROJECTS, IS A MOVE TOWARD GREATER CONTROL AT THE CONSTRUCTION SITE BY MOVING AWAY FROM PRIVATE CONTRACTS. WHILE NOT CLEARLY DEFINED BY RED FLAG, MUCH OF IT APPEARS TO INVOLVE PRACTICES PUBLICIZED RECENTLY IN THE CONSTRUCTION OF THE SHANGHAI PETROCHEMICAL COMPLEX AT CHINSHAN, (SEE PEOPLE'S DAILY, AUGUST 29), WHICH HAS BEEN HAILED AS A MODEL FOR SPEED IN CONSTRUCTION. CALLED "EXTENSIVE COORDINATION", ELEMENTS OF DIFFERENT DEPARTMENTS, SUCH AS TRANSPORTATION, STEVEDORING , AND INSTALLATION, ARE BROUGHT TOGETHER ON AN AD HOC BASIS, TO ACCOMPLISH A PARTICULAR TASK WITHIN AN OVERALL PLAN. IN OVERCOMING THE DEVISIVE ASPECTS OF THE CONTRACT SYSTEM WITH ITS DIVISION OF LABOR BETWEEN SEPARATE UNITS, "EXTENSIVE COORDINATION", THE ARTICLE IMPLIES, WILL LESSEN THE OPPORTUNITY OF LOCAL COLLECTIVE UNITS TO BARTER OR SELL THEIR ASSETS IN A CAPITALIST MANNER.

5. COMMENT: RED FLAG'S PRESCRIPTION FOR THE CAPITAL CONSTRUCTION SECTOR IS ESSENTIALLY A CALL FOR TACTICAL FLEXIBILITY WITH THE FRAMEWORK OF AN OVERALL PLAN. IT'S RESULT WOULD HOPEFULLY BE TO BRING CAPITALIST-LIKE COMPETITION FOR SCARCE RESOURCES UNDER A MORE ORDERLY AND CONTROLLED SYSTEM. BLENDING IDEOLOGICAL BENEFIT IN WITH ECONOMIC ACHIEVEMENT, IT REFLECTS ON A MORE LIMITED SCALE CURRENT ECONOMIC POLICY'S PRAGMATIC DIRECTION TOWARD SOCIALIST GOALS.
CROSS

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PRESS COMMENTS, INVESTMENT PROGRAMS
Control Number: n/a
Copy: SINGLE
Draft Date: 17 OCT 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975HONGK12327
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750360-0391
From: HONG KONG
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19751044/aaaabmpn.tel
Line Count: 95
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 09 JUL 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <09 JUL 2003 by ShawDG>; APPROVED <10 JUL 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: TEMPO OF CAPITAL CONSTRUCTION CREATES STRAIN
TAGS: ECON, ECRE, CH
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006